

Analysis of Transportation Allowance Proposals

March 21, 2013 Workshop

In Preparation for the April 4, 2013 Hearing

Methodology

The proposals for the transportation allowance system were analyzed using data for January through December 2012. The data generated is based on the actual milk movements during this one-year period.

The monetary costs for each proposal were generated by applying the criteria proposed to historic milk movements. The criteria applied included revised brackets, rates, and counties. The changes included:

- Including Napa County in the North Bay receiving area
- Changing the rates for the allowances in select receiving areas
- Adding two mileage brackets for the Southern Ca receiving Area

This methodology assumes that historic patterns of milk movement would have remained unchanged under the new proposals.

Results

For the calendar year 2012, the average monthly cost of the transportation allowance system would have been:

- 2.87 million dollars under the current system
- 2.88 million dollars under the Wallaby proposal, an increase of \$9,739 (.3%)
- 3.13 million dollars under the CDI proposal, an increase of \$263,961 (9%)
- 3.04 million dollars under the DFA proposal, an increase of \$171,646 (6%)

Analysis of Transportation Allowance Proposal

- 1) Costs for Table 1 are based on historic milk movements as reported to Milk Pooling for the 2012 calendar year.
- 2) Current costs were calculated applying the rates in effect during 2012 to the reported milk movements.
- 3) The cost for each proposal was calculated by applying the proposed changes in mileage brackets, rates, and deficit areas to the 2012 milk movements.

Table 1. Monthly Average Cost, and Change in Cost, of Transportation Allowances by Receiving Area for Calendar Year 2012.

	Wallaby				CDI		DFA	
	Current	Cost	Change	Cost	Change	Cost	Change	
Bay Area	\$ 347,437	\$ 347,437	\$ -	\$ 347,437	\$ -	\$ 451,238	\$ 103,801	
North Bay	\$ 103,592	\$ 113,332	\$ 9,739	\$ 103,592	\$ -	\$ 109,202	\$ 5,609	
Sacramento	\$ 24,380	\$ 24,380	\$ -	\$ 24,380	\$ -	\$ 26,750	\$ 2,371	
San Diego	\$ 18,766	\$ 18,766	\$ -	\$ 18,766	\$ -	\$ 18,766	\$ -	
Southern Ca	\$ 2,374,665	\$ 2,374,665	\$ -	\$ 2,638,626	\$ 263,961	\$ 2,434,530	\$ 59,865	
Total	\$ 2,868,840	\$ 2,878,580	\$ 9,739	\$ 3,132,801	\$ 263,961	\$ 3,040,486	\$ 171,646	

Table 2 shows the pounds of milk received at eligible plants in each area, by 5-mile brackets, and the percent of milk in each bracket.

Table 2. Annual Summary of Qualifying Milk Moved, by Mileage Bracket, by Receiving Area in 1,000's of Pounds and Percent by Bracket

Miles	Bay Area	%	North Bay	%	Sacramento	%	San Diego	%	Southern Ca	%
0 to 5	3,876	0	101	0	38	0			9,676	0
6 to 10			38,346	9	1,205	1			3,573	0
11 to 15			46,016	11					6,730	0
16 to 20			1,857	0	12,801	7			128,264	3
21 to 25			54,600	13	51,383	29			331,258	7
26 to 30			42,306	10	69,799	40	1,559	1	119,503	2
31 to 35			85,952	20	5,002	3			106,491	2
36 to 40			8,817	2	717	0			191,937	4
41 to 45	8,520	1	2,733	1	402	0	783	1	69,503	1
46 to 50	19,331	2	1,977	0					51,507	1
51 to 55	33,276	3	20,684	5	886	1			6,702	0
56 to 60	15,015	1	2,059	0			20,092	18	60,955	1
61 to 65	164,075	16	2,566	1			69,061	60	134,664	3
66 to 70	158,934	15	11,664	3					97,389	2
71 to 75	145,540	14	6,448	1			8,749	8	78,553	2
76 to 80	104,166	10	20,344	5	5,423	3	1,269	1	6,662	0
81 to 85	206,318	20	180	0	1,734	1	10,108	9	128	0
86 to 90	16,612	2	3,196	1	778	0			26,721	1
91 to 95	29,937	3	25,491	6	1,919	1			30,359	1
96 to 100	33,530	3	608	0	10,961	6			209,265	4
101 to 105	9,757	1	9,120	2	6,296	4			65,580	1
106 to 110	19,736	2	1,467	0	1,100	1			179,831	4
111 to 115	1,429	0	35,279	8	3,260	2			222,687	5
116 to 120	28,978	3	3,005	1	252	0			238,549	5
121 to 125	194	0	3,642	1					547,652	11
126 to 130	9,417	1	1,466	0					208,088	4
131 to 135			238	0	257	0			61,914	1
136 to 140	9,515	1	213	0					96,702	2
141 to 145			202	0					125,046	3
146 to 150									176,890	4
151 to 155			27	0					111,636	2
156 to 160	153	0	53	0					46,466	1
161 to 165	18,833	2							87,432	2
166 to 170	626	0	5,062	1					89,041	2
171 to 175	2,077	0							67,719	1
176 to 180	7,213	1	152	0					106,071	2
181 to 185			3	0	473	0			109,399	2
186 to 190	3,544	0			238	0			103,818	2
191 to 195									29,811	1
196 to 200									12,033	0
over 200					1,748	1	3,146	3	441,084	9
Total	1,050,602		435,874		176,670		114,768		4,797,291	

Table 3 shows the cost of Transportation Allowances in each Receiving Area, by 5-mile brackets, and the percent of cost in each bracket.

Table 3. Cost of Milk Shipped Into Each Receiving Area During 2012

Distance	Bay Area	%	North Bay	%	Sacramento	%	San Diego	%	Southern Ca	%
0 to 5	\$ 13,952	0	\$ 351	0	\$ 58	0			\$ 14,513	0
6 to 10			\$ 88,196	6	\$ 1,807	1			\$ 5,360	0
11 to 15			\$ 105,837	8					\$ 10,096	0
16 to 20			\$ 4,272	0	\$ 19,201	7			\$ 192,396	1
21 to 25			\$ 125,579	9	\$ 77,075	26			\$ 496,887	2
26 to 30			\$ 97,303	7	\$ 104,698	36	\$ 2,339	1	\$ 179,254	1
31 to 35			\$ 214,989	16	\$ 7,503	3			\$ 159,737	1
36 to 40			\$ 25,738	2	\$ 1,076	0			\$ 287,906	1
41 to 45	\$ 30,671	1	\$ 34,168	3	\$ 602	0	\$ 1,174	1	\$ 104,254	0
46 to 50	\$ 69,591	2	\$ 29,289	2					\$ 77,260	0
51 to 55	\$ 119,795	3	\$ 72,392	5	\$ 1,329	0			\$ 10,052	0
56 to 60	\$ 54,055	1	\$ 50,949	4			\$ 30,138	13	\$ 91,433	0
61 to 65	\$ 590,670	14	\$ 8,982	1			\$ 103,592	46	\$ 201,996	1
66 to 70	\$ 572,162	14	\$ 40,825	3					\$ 146,083	1
71 to 75	\$ 523,944	13	\$ 22,566	2			\$ 13,124	6	\$ 117,829	0
76 to 80	\$ 403,993	10	\$ 71,204	5	\$ 12,472	4	\$ 1,904	1	\$ 9,992	0
81 to 85	\$ 928,430	22	\$ 632	0	\$ 3,987	1	\$ 46,496	21	\$ 192	0
86 to 90	\$ 74,755	2	\$ 11,185	1	\$ 1,788	1			\$ 40,449	0
91 to 95	\$ 134,716	3	\$ 89,220	7	\$ 4,413	2			\$ 90,686	0
96 to 100	\$ 150,884	4	\$ 2,615	0	\$ 25,210	9			\$ 1,219,471	4
101 to 105	\$ 43,907	1	\$ 40,129	3	\$ 14,481	5			\$ 424,429	1
106 to 110	\$ 88,813	2	\$ 6,455	0	\$ 2,529	1			\$ 1,204,871	4
111 to 115	\$ 6,431	0	\$ 155,229	11	\$ 7,499	3			\$ 1,482,820	5
116 to 120	\$ 130,401	3	\$ 13,222	1	\$ 581	0			\$ 1,701,272	6
121 to 125	\$ 875	0	\$ 16,027	1					\$ 4,536,523	16
126 to 130	\$ 42,378	1	\$ 6,448	0					\$ 1,747,943	6
131 to 135			\$ 1,046	0	\$ 590	0			\$ 519,676	2
136 to 140	\$ 42,817	1	\$ 938	0					\$ 768,442	3
141 to 145			\$ 887	0					\$ 1,050,389	4
146 to 150									\$ 1,485,879	5
151 to 155			\$ 119	0					\$ 937,740	3
156 to 160	\$ 688	0	\$ 232	0					\$ 390,317	1
161 to 165	\$ 84,751	2							\$ 734,427	3
166 to 170	\$ 2,817	0	\$ 22,275	2					\$ 747,944	3
171 to 175	\$ 9,346	0							\$ 568,841	2
176 to 180	\$ 32,458	1	\$ 669	0					\$ 890,999	3
181 to 185			\$ 13	0	\$ 1,087	0			\$ 918,952	3
186 to 190	\$ 15,946	0			\$ 548	0			\$ 872,074	3
191 to 195									\$ 250,415	1
196 to 200									\$ 101,075	0
over 200					\$ 4,019	1	\$ 26,430	12	\$ 3,705,102	13
Total	\$ 4,169,246		\$ 1,359,979		\$ 292,555		\$ 225,197		\$ 28,495,974	

Table 4 shows the volume milk shipped by each county to qualifying and non-qualifying areas, and to non-qualifying plants in designated receiving areas. Table 4 also shows the average miles shipped in each category.

**Table 4. Qualifying vs. Non-Qualifying Milk, by County
In 1,000's of Pounds and Miles Moved during 2012**

COUNTY	Milk Shipped into Qualifying Area				Milk to Non Qualifying Area	
	Qualifying	Avg Miles	Non-qualifying	Avg Miles	Non-qualifying	Avg Miles
BUTTE 1/		356		173		44
DEL NORTE	2,547	516	546	274	35,212	44
FRESNO	244	112	187		2,586,252	33
GLENN	72,567	148	555	146	324,880	63
HUMBOLDT	32,188	657			150,862	39
IMPERIAL 1/		206				6
KERN	2,369,934	131	157,028	120	1,357,931	67
KINGS	105,232	206	2,849	249	4,098,444	24
LOS ANGELES 1/		103		101		
MADERA	254	136	145		1,772,597	54
MARIN	116,649	60	25,133	14	2,650	180
MENDOCINO 1/		178				216
MERCED	195,067	198	3,564	148	5,592,644	32
MONTEREY 1/		79				108
PLACER 1/		93		110		101
RIVERSIDE	708,411	50	309,223	45	832	222
SACRAMENTO	160,682	50	766	83	183,137	68
SAN BENITO 1/		74				88
SAN BERNARDINO	966,947	45	484,396	43	1,521	290
SAN DIEGO	34,629	105	16,308	111		
SAN JOAQUIN	522,497	67	1,282	77	1,832,493	38
SAN LUIS OBISPO 1/						95
SANTA BARBARA 1/						158
SOLANO	67,969	53	578	66	1,054	82
SONOMA	385,847	93	55,512	17	21,381	174
STANISLAUS	262,846	102	12,583	107	4,071,746	22
SUTTER 1/		51				93
TEHAMA	9,576	184	111	173	62,407	27
TULARE	469,986	191	20,098	201	10,610,275	19
UNIDENTIFIED	12,712		6,854		36,167	
YOLO 1/						86
YUBA	32,126	104	564	124	35,993	142
TOTAL	6,616,163		1,107,987		32,963,972	

/1 Data included in totals but not displayed because of proprietary rules.

Table 5 shows the amount of qualifying and non-qualifying milk shipped to the Southern California Receiving Area, and the distance it was hauled.

Table 5. Milk Shipped to Southern California

Milk to Southern Ca Receiving Area		
Distance	Qualifying	Nonqualifying
0 to 5	9,675,624	15,146,963
6 to 10	3,573,244	-
11 to 15	6,730,419	-
16 to 20	128,264,153	4,677,043
21 to 25	331,257,883	54,680,696
26 to 30	119,502,666	59,020,350
31 to 35	106,491,079	59,533,875
36 to 40	191,937,476	157,334,807
41 to 45	69,502,818	217,180,569
46 to 50	51,506,505	78,293,987
51 to 55	6,701,532	21,694,500
56 to 60	60,955,367	13,811,640
61 to 65	134,664,008	15,805,295
66 to 70	97,388,774	24,374,992
71 to 75	78,552,800	26,060,859
76 to 80	6,661,579	8,707,994
81 to 85	128,082	2,081,606
86 to 90	26,720,774	1,150,553
91 to 95	30,359,166	3,124,335
96 to 100	209,265,474	1,664,255
101 to 105	65,580,166	32,663,289
106 to 110	179,831,487	-
111 to 115	222,687,303	375,239
116 to 120	238,549,309	49,844,975
121 to 125	547,652,081	51,658,185
126 to 130	208,088,449	13,047,380
131 to 135	61,913,627	163,107
136 to 140	96,702,056	830,490
141 to 145	125,046,332	798,484
146 to 150	176,890,308	46,666,214
151 to 155	111,635,756	1,192,634
156 to 160	46,466,287	-
161 to 165	87,431,826	54,020
166 to 170	89,040,916	593,780
171 to 175	67,719,147	4,926,851
176 to 180	106,071,258	7,635,004
181 to 185	109,399,015	835,857
186 to 190	103,818,356	606,723
191 to 195	29,811,271	958,011
196 to 200	12,032,699	209,612
over 200	441,083,534	2,041,710
Total	4,797,290,606	979,445,884

Table 6. Milk Shipped to Southern California Receiving Area

Milk To SC Receiving Area		
County	Non-Qualifying	Qualifying
BUTTE		318,520
DEL NORTE		799,868
FRESNO	187,414	
GLENN		3,046,713
HUMBOLDT		32,187,508
IMPERIAL		782,822
KERN	145,598,341	2,369,666,392
KINGS	646,765	104,114,244
LOS ANGELES	9,414,859	40,394,326
MADERA	145,046	
MARIN		6,464,430
MENDOCINO		1,953,596
MERCED	108,812	87,602,272
RIVERSIDE	309,223,230	616,730,848
SAN BERNARDINO	475,351,168	947,005,153
SAN DIEGO	16,308,327	34,628,915
SAN JOAQUIN	25,079	
SONOMA		48,701,558
STANISLAUS	66,120	25,935,116
TEHAMA		299,236
TULARE	15,555,557	467,860,946
UNIDENTIFIED	6,815,166	8,798,143
Total	979,445,884	4,797,290,606